



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**  
**KARAKUL BOARD OF NAMIBIA**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

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## REPUBLIC OF NAMIBIA



### TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Karakul Board of Namibia for the financial year ended 31 March 2013, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE KARAKUL  
BOARD OF NAMIBIA FOR THE FINANCIAL YEAR ENDED  
31 March 2013**

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**1. INTRODUCTION**

The accounts of the Karakul Board of Namibia for the year ended 31 March 2013 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and section 17 of Karakul Pelts and Wool Act, 1982 (Act 14 of 1982), hereinafter referred to as the Act. The main objective of the Board, namely to promote the interest of the Karakul Industry and Wool Industry on Namibia, are stated in Section 3 of the Act.

The firm PKF (Namibia) of Windhoek has been appointed in terms of Section 17 of the Act 26 (2) of the State Finance Act, 1991 to audit the accounts of the Karakul Board of Namibia on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibia Dollar and deficits are indicated in (brackets).

**2. FINANCIAL STATEMENTS**

The Board's financial statements were submitted to the Auditor-General by the Accounting Officer in accordance with Section 17 of the Act. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The statement of financial position at Annexure A is a true reflection of the original.

The financial statements also include:

- Annexure B: Statement of comprehensive income;
- Annexure C: Statement of changes in equity;
- Annexure D: Statement of cash flows;
- Annexure E: Notes to the financial statements; and
- Annexure F: Detailed income and expenditure accounts.

**3. SCOPE OF THE AUDIT**

***Management's responsibility for the financial statements***

The Accounting Officer of the Board is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The audit as carried out by the said firm, included:

- a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial transactions included in the financial statements;
- b) Assessment of the significant estimates and judgments made by the Board of Directors of the Karakul Board of Namibia in the preparation of the financial statements and whether the accounting policies are appropriate to the Karakul Board's circumstances, consistently applied and adequately disclosed; and
- c) Evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- The financial statements are free from material misstatement, whether caused by error, fraud or other irregularities;
- In all material respects, the expenditure and income have been applied for the purposes intended; and
- The financial transactions conform to the authorities which govern them.

**4. AUDIT OBSERVATIONS AND COMMENTS**

No material findings were observed during the audit.

**5. ACKNOWLEDGEMENT**

I express my appreciation for the courtesy and assistance given to my staff by the Karakul Board of Namibia personnel during the audit.

**6. FORMAL AND INFORMAL QUERIES**

Informal and informal queries are addressed to the Chief Executive Officer.

**7. UNQUALIFIED AUDIT OPINION**

The accounts of the Karakul Board of Namibia for the financial year ended 31 March 2013, summarized per Annexure A to F, have been audited in terms of Section 17(2) of the Karakul Pelts and Wool Act, 1982 read with Section 25(1)(b) of the State Finance Act, 1991.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Karakul Board of Namibia as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with basis of accounting applicable to the Karakul Board of Namibia, The Karakul Pelts and Wool Act, 1982 (Act 14 of 1982) and the State Finance Act, 1991 (Act 31 of 1991).

**WINDHOEK, November 2015**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## KARAKUL BOARD OF NAMIBIA

### BOARD MEMBERS REPORT

for the year ended 31 March 2013

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#### COMPOSITION OF THE BOARD

The full board for the period 1 April 2012 to 31 December 2013 was represented by:

- R von Hase	Chairperson - Swakara Producers
- G Biwa	Vice-chairperson - Swakara Producers
- PH Hugo	Marketing Organisation
- J Meyer	Swakara Breeders' Society
- JJ Jansen	Swakara Producer - Namibia National Farmers Union
- GR von Wielligh	Swakara Producer

The co-opted members for the year were represented by:

- T le Roux	Manager: Swakara Breeders' Society
- B Rothkegel	Ministry of Agriculture, Water and Forestry
- J Duffield-Harding	Agra Pelt Sorting Centre
- WJ Kohlman	Swakara Producers
- R Schreiber	Swakara Producers
- W Ramdohr	Wool Weavers Guild
- E Kamboua	Ministry of Trade and Industry

The full board for the period 1 January 2013 to 31 March 2013 was represented by:

- R von Hase	Chairperson - Swakara Producers
- G Biwa	Vice-chairperson - Swakara Producers
- D Honsbein	Marketing Organisation
- J Meyer	Swakara Breeders' Society
- J Motinga	Swakara Producer
- PC Apollus	Swakara Producer

Alternate members:

- L van Wyk	Swakara Producers
- R Schreiber	Swakara Breeders' Society
- PH Hugo	Swakara Producers
- P Kazmeier	Marketing Organisation

## KARAKUL BOARD OF NAMIBIA

## STATEMENT OF FINANCIAL POSITION

as at 31 March

		<b>2013</b>	<b>2012</b>
	<b>Notes</b>	N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	25 368	30 456
Investments	4	6 352 867	8 650 720
		<b>6 378 235</b>	<b>8 681 176</b>
<b>Current assets</b>			
Inventory	5	162 282	-
Trade receivables	6	3 585 785	-
Cash and cash equivalents	7	258 426	141 330
		<b>4 006 493</b>	<b>141 330</b>
<b>TOTAL ASSETS</b>		<b>10 384 728</b>	<b>8 822 506</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Retained income	2	9 984 455	8 667 109
		<b>9 984 455</b>	<b>8 667 109</b>
<b>Current liabilities</b>			
Trade and other payables	8	400 273	155 397
		<b>400 273</b>	<b>155 397</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10 384 728</b>	<b>8 822 506</b>

## KARAKUL BOARD OF NAMIBIA

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

		<b>2013</b>	<b>2012</b>
	<b>Notes</b>	N\$	N\$
Income		3 408 718	2 715 481
Expenditure		(2 569 245)	(2 463 013)
<b>OPERATING DEFICIT</b>		<b>839 473</b>	<b>252 467</b>
Financial income		477 873	386 069
Cost value adjustment: Investment Property		-	1 254 289
<b>TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR</b>	<b>2</b>	<b>1 317 346</b>	<b>1 892 826</b>



**KARAKUL BOARD OF NAMIBIA**  
**STATEMENT OF CHANGES IN EQUITY**

**for the year ended 31 March**

	Notes	<b>Retained income</b>	<b>Total</b>
		N\$	N\$
<b>Balance as at 1 April 2011</b>		6 774 283	6 774 283
Total comprehensive surplus for the year		<u>1 892 826</u>	<u>1 892 826</u>
<b>Balance as at 31 March 2012</b>		8 667 109	8 667 109
Total comprehensive surplus for the year		<u>1 317 346</u>	<u>1 317 346</u>
<b>Balance as at 31 March 2013</b>	<b>2</b>	<u><u>9 984 455</u></u>	<u><u>9 984 455</u></u>

## KARAKUL BOARD OF NAMIBIA

## CASH FLOW STATEMENT

for the year ended 31 March

		<b>2013</b>	<b>2012</b>
	Notes	N\$	N\$
<b>Cash flow from operating activities</b>			
Cash utilised from operations	9	(2 646 820)	1 670 211
Investment income		477 873	386 069
<i>Net cash inflow / (outflow) from operating activities</i>		<b>(2 168 947)</b>	<b>2 056 280</b>
<b>Cash flows from investing activities</b>			
Increase in investments		2 297 853	(2 646 262)
Additions to property, plant and equipment	3	( 11 810)	( 28 361)
<i>Net cash inflow from investing activities</i>		<b>2 286 043</b>	<b>(2 674 623)</b>
Net change in cash and cash equivalents		117 096	( 618 343)
Cash and cash equivalents at beginning of year		141 330	759 673
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>258 426</b>	<b>141 330</b>

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

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**1. ACCOUNTING POLICIES**

The annual financial statements have been compiled in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the Karakul Pelts and Wool Act, 1982 (Act 14 of 1982). The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investment property and financial instruments at fair value, and incorporate principal accounting policies set out below. They are presented in Namibia Dollar.

These accounting policies are consistent with the previous period.

**1.1 Significant judgments and source of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgments is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

***Financial assets measured at cost and amortised cost***

The Board assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Board makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013 (Continued)

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*Impairment testing*

The Board reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

**1.2 Property and equipment**

Property and equipment are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Board from time to time. Property and equipment acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2013

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**1.3 Financial instruments***Financial instruments at amortised cost*

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

*Financial instruments at cost*

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments. Non-interest bearing borrowings are measured at cost. All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as an instruments measured at amortised cost, are measured at cost less impairment.

*Financial instruments at fair value*

All other financial instruments are measured at fair value through profit and loss.

**1.4 Trade and other receivables**

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2013

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**1.5 Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**1.6 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts, all of which are available for use by the Board unless otherwise stated. In the balance sheet, bank overdrafts are included in current liabilities.

**1.7 Leases***Operating leases – lessee*

Operating lease payments are recognised in the statement of comprehensive income. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease liability. This liability is not discounted.

**1.8 Investments**

Investments are stated at cost. Dividends are brought to account as at the last day of registration in respect of listed shares and when declared in respect of unlisted shares.

**1.9 Revenue**

Revenue is measured at the fair value of the consideration received and represents amounts received on a cash basis for levy's, grants and other income.

Interest is recognised in profit and loss using the effective interest rate method.

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

## Notes to the statement of financial position

	<b>2013</b>	<b>2012</b>
	N\$	N\$
<b>2. OWN FUNDS</b>		
<i>Funds and reserves</i>		
Opening balance	8 667 109	6 774 283
Surplus / (deficit) for the year	1 317 346	1 892 826
<b>Total funds</b>	<b>9 984 455</b>	<b>8 667 109</b>
<i>Funds and reserves are represented by:</i>		
2.1 Karakul Pelt Levy Fund		
Balance - 1 April	37 945	( 277 185)
Surplus / (deficit) for the year	374 206	315 130
<b>Balance - 31 March</b>	<b>412 151</b>	<b>37 945</b>

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

		<u>2013</u>	<u>2012</u>
		N\$	N\$
<b>2.2</b>	Special Karakul Pelt Levy Fund		
	Balance - 1 April	723 557	83 648
	Surplus / (deficit) for the year	968 947	639 909
	<b>Balance - 31 March</b>	<b><u>1 692 504</u></b>	<b><u>723 557</u></b>
<b>2.3</b>	Wool Levy Fund		
	Balance - 1 April	( 15 346)	( 2 197)
	Surplus / (deficit) for the year	( 103 082)	( 13 149)
	<b>Balance - 31 March</b>	<b><u>( 118 428)</u></b>	<b><u>( 15 346)</u></b>



## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	<b>2013</b>	<b>2012</b>
	N\$	N\$
<b>2. OWN FUNDS (continued)</b>		
<i>Funds and reserves are represented by:(continued):</i>		
<b>2.4 General Reserve Fund</b>		
Balance - 1 April	1 266 237	387 751
Surplus / (deficit) for the year	352 963	878 486
Balance - 31 March	<u>1 619 200</u>	<u>1 266 237</u>
<b>2.5 Contingency Reserve Fund</b>		
Balance - 1 April	1 670 097	1 670 097
Surplus / (deficit) for the year	-	-
Balance - 31 March	<u>1 670 097</u>	<u>1 670 097</u>
<b>2.6 General Fund</b>		
Balance - 1 April	3 646 118	3 576 043
Surplus / (deficit) for the year	( 276 623)	70 075
Balance - 31 March	<u>3 369 495</u>	<u>3 646 118</u>

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	<b>2013</b>	<b>2012</b>
	N\$	N\$
<b>2.7 Consolidated Support Account</b>		
Balance - 1 April	1 497 386	1 497 386
Surplus / (deficit) for the year	<u>-</u>	<u>-</u>
Balance - 31 March	<u>1 497 386</u>	<u>1 497 386</u>
Balance - 1 April	( 812 393)	( 814 768)
Surplus / (deficit) for the year	<u>935</u>	<u>2 375</u>
Balance - 31 March	<u>( 811 458)</u>	<u>( 812 393)</u>
<b>2.9 Funds utilised for assets</b>		
Balance - 1 April	653 508	653 508
Surplus / (deficit) for the year	<u>-</u>	<u>-</u>
Balance - 31 March	<u>653 508</u>	<u>653 508</u>

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

**3. PROPERTY AND EQUIPMENT**

	<b>Office equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
	N\$	N\$	N\$
<b>31 March 2013</b>			
Opening net book value	12 126	18 330	30 456
Additions	-	11 810	11 810
Depreciation charge	<u>( 5 482)</u>	<u>( 11 416)</u>	<u>( 16 898)</u>
<b>Closing carrying amount</b>	<u>6 644</u>	<u>18 724</u>	<u>25 368</u>
Cost	50 199	37 199	87 398
Accumulated depreciation	<u>( 43 555)</u>	<u>( 18 475)</u>	<u>( 62 030)</u>
<b>Net book value</b>	<u>6 644</u>	<u>18 724</u>	<u>25 368</u>
<b>31 March 2012</b>			
Opening net book value	5 119	9 832	14 951
Additions	13 784	14 577	28 361
Depreciation charge	<u>( 6 777)</u>	<u>( 6 079)</u>	<u>( 12 856)</u>
<b>Closing carrying amount</b>	<u>12 126</u>	<u>18 330</u>	<u>30 456</u>
Cost	50 198	25 390	75 588
Accumulated depreciation	<u>( 38 072)</u>	<u>( 7 060)</u>	<u>( 45 132)</u>
<b>Net book value</b>	<u>12 126</u>	<u>18 330</u>	<u>30 456</u>

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

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	<b>2013</b>	<b>2012</b>
	N\$	N\$
Financed from:		
Revenue account	<u>25 368</u>	<u>30 456</u>
	<u>25 368</u>	<u>30 456</u>

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

## 4. INVESTMENTS

	<u>2013</u>	<u>2012</u>
	N\$	N\$
Investment House Namibia - Money Market	4 046 800	6 344 653
Investment property - The Control Body of the Agricultural Boards' Building	2 288 827	2 288 827
Investment - International Marketing Company (Pty) Ltd	<u>17 240</u>	<u>17 240</u>
	<u>6 352 867</u>	<u>8 650 720</u>
<i>Investment property</i>		
Opening balance	2 288 827	1 034 538
Additions: Cost sharing	<u>-</u>	<u>1 254 289</u>
Closing balance	<u>2 288 827</u>	<u>2 288 827</u>

On 31 March 2013 the board held 100 "Class A" ordinary shares of International Marketing Company (Pty) Ltd at cost. The company is currently dormant. All expenses incurred by the company are borne by the Karakul Board of Namibia.

Investment property consists of an 18% holding in the Control Body of the Agricultural Boards' Building represented by Erf 744 and 749, Windhoek. Investment property is revalued every three years. % Cost gains are accounted for through the General Reserve Fund.

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS ( continued)

for the year ended 31 March

	<b>2012</b>	<b>2013</b>
	N\$	N\$
<u>Market value:</u>		
Land and buildings held in the Control Body of the Agricultural Boards' Building was revalued by FA Frank-Schultz, a qualified property valuer on 7 September 2008. Market value of land and buildings is stated as follows:	21 671 000	21 671 000
Building share calculation allocation	2 009 794	2 009 794
	<u>23 680 794</u>	<u>23 680 794</u>
18% holding in the Control Body of the Agricultural Board's Building.	4 262 543	4 262 543
	<u>4 262 543</u>	<u>4 262 543</u>
<b>5. INVENTORY</b>		
Stunning apparatus	162 282	-
	<u>162 282</u>	<u>-</u>
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	256 257	-
Sundry receivables	3 178	-
Pre-paid expenses - Swakara Pelt	3 326 350	-
	<u>3 585 785</u>	<u>-</u>
Grant Ministry of Agriculture, Water and Forestry	3 585 785	-
	<u>3 585 785</u>	<u>-</u>

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	<u>2013</u>	<u>2012</u>
	N\$	N\$
<b>7. CASH AND CASH EQUIVALENTS</b>		
Petty cash	133	1 500
Bank Windhoek Call Account	3 503	236 688
Investment House Namibia Call Account	44 856	21 405
Bank Windhoek (Overdraft) / Current account	<u>209 934</u>	<u>( 118 263)</u>
	<u>258 426</u>	<u>141 330</u>
<b>8. TRADE AND OTHER PAYABLES</b>		
Accruals	383 108	140 732
Prize money - Namibian Young Designers'	2 500	-
Provision for audit fees	<u>14 665</u>	<u>14 665</u>
	<u>400 273</u>	<u>155 397</u>

**Note to the cash flow statement****9. CASH FLOWS FROM OPERATIONS****Reconciliation of total comprehensive surplus to cash utilised in operations:**

Total comprehensive surplus before adjustments:	1 317 346	1 892 826
Adjusted for:		
Interest income	( 477 873)	( 386 069)
Depreciation	16 898	12 856

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	<b>2013</b>	<b>2012</b>
	N\$	N\$
Changes in working capital:		
Decrease/(increase) in inventory	( 162 282)	-
Decrease/(increase) in trade and other receivables	(3 585 785)	4 881
Increase/(decrease) in trade and other payables	<u>244 876</u>	<u>145 717</u>
Cash utilised from operations	<u><u>(2 646 820)</u></u>	<u><u>1 670 211</u></u>

**Additional notes****10. OBJECTIVES OF FUNDS****10.1 Karakul Pelt Levy Fund**Objective

The Fund was established to cover the administrative costs of the board.

Allocation of levies

A levy of 2 % per pelt is allocated to this fund calculated as follows:

- 2% of the average gross pelt price achieved; or
- N\$ 6 per pelt, if the price at which such pelt was achieved drops below N\$ 300, on the most recent pelt auction.



## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

	<u>2013</u>	<u>2012</u>
	N\$	N\$
<b>10. OBJECTIVES OF FUNDS (continued)</b>		
<b>10.1 Karakul Pelt Levy Fund (continued)</b>		
<u>Grants</u>		
The following grant was carried by the fund.		
Grant to NNFU	<u>2 500</u>	<u>2 500</u>
The above grant was paid to the Namibia Agricultural Union for membership fees for the above organisation.		
<u>Accrual for audit fees</u>		
Accrual for the current year	<u>14 665</u>	<u>14 665</u>
<b>10.2 Special Karakul Pelt Levy Fund</b>		
<u>Objective</u>		
The Fund was established to promote the Karakul pelt industry.		
<u>Allocation of levies</u>		
A levy of 2 % per pelt is allocated to this fund calculated as follows:		
- 2% of the average gross pelt price achieved; or		
- N\$ 6 per pelt, if the price at which such pelt was achieved drops below N\$ 300, on the most recent pelt auction.		

## KARAKUL BOARD OF NAMIBIA

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March

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10.3 **Wool Levy Fund**Objective

The Fund was established to promote the Karakul industry.

Allocation of levies

A levy of 3% of the total value of wool sales is allocated to this fund.

10.4 **General Fund**Establishment

The Fund was established to deposit all moneys, except levies received, including interest earned as provided for in terms of Section 14(1)(e) of the Karakul Pelts and Wool Act, 1982. These funds are to be transferred to any particular account as the need arises.

**KARAKUL BOARD OF NAMIBIA****NOTES TO THE FINANCIAL STATEMENTS (continued)****for the year ended 31 March 2013**

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**10. OBJECTIVES OF FUNDS (continued)****10.5 Contingency Reserve Fund**Establishment

The Fund was established in terms of a transfer from a Trust Fund held by the Karakul Producers Association of South Africa to the Karakul Board of Namibia. The Namibian Board received its share from this fund according to the pelt production and created a fund to be called the Contingency Reserve Fund. The Fund is to be used when a case of need arises, which necessitates a special effort and which cannot ordinarily be financed out of any other fund of the board.

**10.6 Consolidated Support Account**Establishment and objective

Funds transferred to the Support Account from the Contingency Reserve Fund and the General Reserve Fund are to be used to finance development projects.

## KARAKUL BOARD OF NAMIBIA

## DETAILED INCOME AND EXPENDITURE ACCOUNTS

for the year ended 31 March

	<u>2013</u>	<u>2012</u>
	N\$	N\$
<b>KARAKUL PELT LEVY FUND</b>		
<b>INCOME</b>		
Levy on Karakul Pelts	<u>1 449 227</u>	<u>1 157 617</u>
	<u>1 449 227</u>	<u>1 157 617</u>
<b>BOARD EXPENSES</b>		
Remuneration	83 220	42 539
Subsistence and transport costs	230 852	115 747
Insurance	<u>9 243</u>	<u>5 546</u>
	<u>323 315</u>	<u>163 832</u>
<b>GENERAL EXPENSES</b>		
Affiliation fee - NAU	2 500	2 500
Agency fees	576 150	506 460
Audit fees	7 343	26 269
Bank charges	13 974	15 176
Consulting fees	-	157
Depreciation	16 898	12 856
Functions	4 108	6 363
Grant to Namibian National Farmers Union	2 500	2 500
Insurance	3 888	3 625
Karakul Producers meeting	16 920	19 334

## KARAKUL BOARD OF NAMIBIA

## DETAILED INCOME AND EXPENDITURE ACCOUNTS (continued)

for the year ended 31 March

	<b>2013</b>	<b>2012</b>
	N\$	N\$
Lease - Copy machine	11 834	9 968
Legal fees	1 725	15 000
Printing of annual report	11 788	8 993
Rent	18 868	18 868
Stationery	11 854	10 013
Subsistence and travel	26 116	6 332
Sundry expenses	8 797	6 841
Telephone and fax	14 125	5 536
Travel assistance	2 318	1 863
	<u>751 706</u>	<u>678 655</u>
<b>TOTAL EXPENSES</b>	<u>1 075 021</u>	<u>842 487</u>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<u><u>374 206</u></u>	<u><u>315 130</u></u>

## KARAKUL BOARD OF NAMIBIA

## DETAILED INCOME AND EXPENDITURE ACCOUNTS (continued)

for the year ended 31 March

	<b>2013</b>	<b>2012</b>
	N\$	N\$
<b>SPECIAL KARAKUL PELT LEVY FUND</b>		
INCOME		
Levy on Karakul Pelts	1 449 227	1 157 617
Grant from Ministry of Agriculture, Water and Rural Development	-	225 000
Grant from IFTF	156 000	165 000
	<u>1 605 227</u>	<u>1 547 617</u>
EXPENSES		
Der Gross Preis	-	9 457
Foreign visitors	10 716	7 243
Promotions - foreign	246 280	657 659
Stunning apparatus	-	-
Traveling - foreign	325 366	201 713
	<u>636 280</u>	<u>907 708</u>
TOTAL EXPENSES	<u>636 280</u>	<u>907 708</u>
SURPLUS FOR THE YEAR	<u><u>968 947</u></u>	<u><u>639 909</u></u>

## KARAKUL BOARD OF NAMIBIA

## DETAILED INCOME AND EXPENDITURE ACCOUNTS (continued)

for the year ended 31 March

	<u>2013</u>	<u>2012</u>
	N\$	N\$
<b>WOOL LEVY FUND</b>		
<b>INCOME</b>		
Levy on Wool	<u>366</u>	<u>7 872</u>
<b>EXPENSES</b>		
Windhoek Show expenses	13 272	21 021
Wool felting	58 650	-
Wool project	<u>31 526</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<u>103 448</u>	<u>21 021</u>
<b>DEFICIT FOR THE YEAR</b>	<u><u>( 103 082)</u></u>	<u><u>( 13 149)</u></u>

## KARAKUL BOARD OF NAMIBIA

## DETAILED INCOME AND EXPENDITURE ACCOUNTS (continued)

for the year ended 31 March

	<u>2013</u>	<u>2012</u>
	N\$	N\$
<b>GENERAL RESERVE FUND</b>		
INCOME		
Stunning apparatus	352 963	-
Fair value adjustment - Investment property	-	1 254 289
	<u>352 963</u>	<u>1 254 289</u>
EXPENSES	-	375 803
SURPLUS FOR THE YEAR	<u>352 963</u>	<u>878 486</u>
<b>GENERAL FUND</b>		
INCOME		
Dividend - Agric Boards Building	111 828	-
Interest on investment	366 045	386 069
	<u>477 873</u>	<u>386 069</u>
EXPENSES		
Claims - damaged pelts	58 818	-
Interest - Grey advance	-	2 143
Karakul Industry expansion project	167 903	-



## KARAKUL BOARD OF NAMIBIA

## DETAILED INCOME AND EXPENDITURE ACCOUNTS (continued)

for the year ended 31 March

	<u>2013</u>	<u>2012</u>
	N\$	N\$
Swakara Centenary expenses	<u>527 775</u>	<u>313 852</u>
	754 496	315 994
SURPLUS FOR THE YEAR	<u><u>(276 623)</u></u>	<u><u>70 075</u></u>
<b>SWAKARA CENTENARY FUND</b>		
INCOME		
Centenary income	<u>935</u>	<u>2 375</u>
EXPENSES	<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR	<u><u>935</u></u>	<u><u>2 375</u></u>